

Outpatient Therapy Alternative Payment Study 2 (OTAPS 2) Task Order

CY 2006 Outpatient Therapy Cap Report



Prepared for:
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1.0 Introduction

On September 28, 2007, the Centers for Medicare & Medicaid Services (CMS) awarded a contract to Computer Sciences Corporation (CSC) to perform professional services that build upon prior outpatient therapy studies¹. The Statement of Work (SOW) asks CSC to perform follow-on analysis using CY 2006 claims data and comparing trends to prior years. The project name is the *Outpatient Therapy Alternative Payment Study 2*, or OTAPS 2. This represents the second of a series of reports under this contract. The first report titled “CY 2006 Outpatient Therapy Services Utilization Report” was submitted to CMS in February 1, 2008².

1.1 History

Outpatient therapy services include all services meeting Medicare requirements under a physical therapy (PT), occupational therapy (OT), or speech-language pathology (SLP) plan of care as described in Medicare manuals^{3,4}. The Balanced Budget Act of 1997 enacted financial limitations (therapy caps) on outpatient PT and SLP services combined, and outpatient OT services separately.

The caps applied to all outpatient therapy services in all settings except outpatient hospital. The therapy caps were implemented throughout calendar year (CY) 1999, however, they were subsequently under various Congressional moratoria from CY 2000 through CY 2005 (with the exception of implementation from September 1 – December 7, 2003). Although the moratoria expired, exceptions to the caps beginning on January 1, 2006 were enacted by the Deficit Reduction Act of 2005. **Recently, the Medicare, Medicaid, and SCHIP Extension Act of 2007 extended the exceptions process through June 30, 2008. Without further Congressional action, the exceptions process will expire and CMS will be required to fully implement the therapy caps without exceptions, regardless of clinical condition, severity, or medical necessity.**

Under the prior Task Orders, CSC (formerly AdvanceMed/DynCorp) performed analytic activities using a 100% file of outpatient therapy claims in order to describe utilization patterns, particularly as they related to payment policy changes, including the therapy caps. Additional activities performed also addressed; identifying potential claim edits, identifying the feasibility of using claims data as the foundation for a condition-based alternative payment system, identifying beneficiary characteristics and clinical factors for CMS to consider collecting in order to identify therapy need and potentially outcomes, and short term policy support activities such as the development of the therapy caps exceptions process by CMS. The analytic activities are described in numerous reports at: www.cms.hhs.gov/TherapyServices/SAR on the CMS website.

¹Contract Number: *GS-23F-8029H*, Task Order Number: *HHSM-500-2007-00322G*.

²Ciolek, D.E. and Hwang, W. *CY 2006 Outpatient Therapy Services Utilization Report*, February 1, 2008. Contract Number *GS-23F-8029H*, Task Order Number *HHSM-500-2007-00322G*.

³ Pub 100-02 *Medicare Benefit Policy Manual*, Chapter 15, Sections 220 and 230.

⁴ Pub 100-4 *Medicare Claims Processing Manual*, Chapter 5.

These studies are referred to on the website as the:

- *Utilization and Edit Report*⁵,
- *Pilot Report*⁶,
- *Edit Report*⁷;
- *Costliest Report*⁸;
- *Model Report*⁹;
- *Final Report*¹⁰, and
- *Outpatient Therapy Utilization Report*¹¹.

1.2 Purpose

This report provides an updated high-level analysis specifically targeting the impact of the outpatient therapy caps, as implemented with the exceptions process in CY 2006, on the utilization of outpatient therapy services. The results describe the cap impact on aggregate therapy expenditures, expenditures by type of therapy, expenditures by therapy provider setting, expenditures by diagnosis, and expenditures by various beneficiary demographic variables. In addition, this report will indicate utilization pattern changes between CY 2006 and earlier years to highlight the impact of the reimplementation of the outpatient therapy caps in CY 2006. **Such analysis will help CMS identify if the intended purpose of the caps with the exceptions process served the intended purpose of controlling costs while assuring that the beneficiaries that needed therapy services received them.**

In addition, this analysis estimates the potential impact the therapy caps if the exceptions process were to expire on June 30, 2008. **Such analysis will help CMS identify characteristics of beneficiaries and providers that would most likely be impacted should the exceptions process be eliminated.**

Appendix A ‘*Acronyms*’ provides definitions of acronyms used throughout this report.

⁵ Ciolek, D. E. and Hwang, W. *Outpatient Therapy Services Utilization and Edit Report*, May 17, 2006. Contract Number GS-35F-4694G, Task Order Number HHSM-500-2005-00192G.

⁶ Ciolek, D.E., Carter, S, MacIsaac, J, and Hwang, W. *Outpatient Therapy Services Pilot Report 2006*. July 28, 2006. Contract Number GS-35F-4694G, Task Order Number HHSM-500-2005-00192G.

⁷ Ciolek, D.E. and Hwang, W. *Feasibility and Impact Analysis: Application of Various Outpatient Therapy Service Claim HCPCS Edits*, November 15, 2004. Contract Number PSC 500-99-0009/0009.

⁸ Ciolek, D.E. and Hwang, W. *Utilization Analysis: Characteristics of High Expenditure Users of Outpatient Therapy Services CY 2002*. November 22, 2004. Contract Number 500-99-0009/0009.

⁹ Ciolek, D.E. and Hwang, W. *Development of a Model Episode-Based Payment System for Outpatient Therapy Services: Feasibility Analysis Using Existing CY 2002 Claims Data*. November 3, 2004. Contract Number 500-99-0009/0009.

¹⁰ Ciolek, D.E. and Hwang W. *Final Project Report*. November 15, 2004. Contract Number 500-99-0009/0009.

¹¹ Olshin, J, Ciolek, D.E., and Hwang, W. *Study and Report on Outpatient Therapy Utilization: Physical Therapy, Occupational Therapy, and Speech-Language Pathology Services Billed to Medicare Part B in all Settings in 1998, 1999, and 2000*. September 16, 2002. Contract Number 500-99-0009/0002.

2.0 Data Analysis Methodology

For the most part, the claims analysis methodology used within this study replicated the methodology described in CSC's prior analysis of CY 2002 - 2004 therapy claims. Analytic models were used to identify outpatient therapy services paid under the Medicare Physician Fee Schedule (MPFS), and the individual beneficiaries who received these services. The methodology used to identify therapy services and provider settings was consistent with CMS policy as it applied in CY 2006. Appendix B '*OTAPS 2 Therapy HCPCS Analysis Logic*' provides a visual representation of how the characteristics of the individual HCPCS codes, provider type identifiers, and therapy service modifiers were used to identify outpatient therapy service claims. Once claims attributable to individuals were identified, individual identifiers were encrypted, and the various analyses were performed.

2.1 Source of Data for Analysis

CSC was able to obtain 100% of outpatient therapy claims data (with 2006 dates of service) processed from January 2006 through June 2007 replicating the innovative procedures established and described in the prior studies. These claims data were later merged with CMS provided Medicare Denominator files for CY 2006. This data was installed onto the OTAPS 2 Therapy Database server for analysis.

2.2 Creation of Therapy Data Sets for Analysis

The programming logic used to extract the outpatient therapy data mirrored those used to extract CY 2002-2004 data in the prior studies with the following exceptions. The current extraction included outpatient therapy HCPCS codes that were introduced after CY 2004, and excluded HCPCS codes that no longer were considered outpatient therapy services in CY 2006. CSC was then able to successfully extract, test and validate all of the CY 2006 outpatient therapy claims data. The data was then placed in tables for a variety of analytic activities.

Appendix C '*Index of Attached EXCEL Data Files*' identifies the location of detailed data tables that are the basis for this report. The tables describe the utilization of beneficiaries that surpassed the cap thresholds in CY 2006 including; demographics, diagnosis, and treatment setting information.

2.3 Analytic Assumptions: Basis of Therapy Cap Impact Estimates

The selection criteria for identifying outpatient therapy service payments applicable to the therapy cap thresholds was consistent with, and was based upon, the CMS claims processing manual instructions regarding the outpatient therapy financial limitation policy¹².

Since hospital outpatient services are excluded from the therapy cap policy, CMS developed a financial limitation tracking process in the Common Working File (CWF) that specifically excluded hospital outpatient provider bill types from the tracking file. Therefore, while individuals may receive outpatient therapy services from an outpatient hospital therapy provider, the Medicare expenditures are not debited against their annual financial limitations. Also, in order to permit the processing of payments for beneficiaries that surpassed the cap thresholds in

¹² Pub. 100-04, Ch. 5, Section 10.2.

CY 2006 but were eligible for the exceptions process, the CWF permitted payment for outpatient therapy services for claim lines that non-hospital providers submitted with the –KX modifier.

For this report, in order to estimate the impact of the financial limitations, we excluded all hospital outpatient therapy expenditures from our analysis of annual per-beneficiary utilization patterns. Therefore, when we describe the estimated impact of the therapy caps we are describing payments that were issued above the cap thresholds (excluding hospital payments), and the characteristics of the beneficiaries surpassing these thresholds.

We also did not factor in the annual beneficiary Part B deductible in our estimated cap threshold payments due to negligible impact, but did include the beneficiary's 20% co-payment responsibility. Therefore, for our analysis, in CY 2006, the cap threshold of \$1,392 paid amount is based upon 80 percent of a \$1,740 allowed amount of the financial limitation as enforced.

In addition, there were no adjustments made for potential changes in provider or beneficiary behaviors due to the cap policy in CY 2006. For example, we did not adjust for potential unlikely behavioral changes that may have included the “rationing” of care, or a beneficiary change of provider from a non-hospital provider to an outpatient hospital setting to circumvent the caps, or avoid the exceptions process.

Finally, in order to highlight the impact of the outpatient therapy caps in CY 2006, which included the cap exceptions process, we compared the CY 2006 observations with the CY 2004 utilization. Based upon the statutory cap update formula, while the cap threshold limit in CY 2006 was \$1740 (allowed amount) in CY 2006, it would have been \$1640 (allowed amount) in CY 2004. The equivalent cap paid amount thresholds were \$1,392 in CY 2006 and \$1,123 in CY 2004.

3.0 Results by Therapy Type

3.1 Combined PT/SLP Services

During CY 2006, 4.1 million beneficiaries received outpatient PT and/or SLP services from all settings, including hospital, accounting for \$3.3 billion in payments. This represents 93.1 percent of all outpatient therapy users and 81.6 percent of all outpatient therapy payments. Of these PT/SLP users, 12.6 percent, or 518,443 beneficiaries, benefited from the exceptions process and received services beyond the therapy cap threshold of \$1,740 allowed amount (~\$1,392 paid). These payments beyond the PT/SLP combined cap threshold, totaling \$560.3 million, represented 16.9 percent of outpatient PT/SLP payments in CY 2006 (Table 1).

The CY 2006 PT/SLP utilization represents an increase in therapy users by 3.5 percent, but a decrease in total Medicare payments of 5.1 percent since CY 2004. With regards to the PT/SLP combined therapy cap, CY 2006 saw 21.2 percent fewer PT/SLP users that surpassed the PT/SLP cap threshold amount as compared to CY 2004 despite the overall increase in the number of PT/SLP users. See Appendix D for more details comparing CY 2004 and CY 2006.

Table 1. Therapy users surpassing therapy cap thresholds in CY 2006

Therapy Type	Number of Therapy Users Over Cap	Percent of Therapy Users Over Cap	Average Paid Above Cap Threshold When Passed	Total Paid Above Cap Threshold	Percent of Payments Above Cap Threshold
PT	464,285	12.0%	\$1,014	\$470,752,490	15.4%
OT	140,106	15.3%	\$1,114	\$156,015,036	20.9%
SLP	39,401	8.8%	\$985	\$38,810,773	14.3%
PT/SLP	518,443	12.6%	\$1,081	\$560,286,535	16.9%
Total 3 Caps (PT, OT, SLP)				\$665,578,299	16.3%
Total 2 Caps (PT/SLP and OT)				\$716,301,571	17.6%
Impact of Separating PT/SLP into separate caps				\$50,723,272	1.2%

3.2 OT Services Separate

During CY 2006, 916 thousand beneficiaries received outpatient OT services accounting for \$747 million in payments. This represents 20.7 percent of all outpatient therapy users and 18.4 percent of all outpatient therapy payments. Of these OT users, 15.3 percent, or 140,106 beneficiaries, benefited from the exceptions process and received services beyond the OT separate cap threshold of \$1,740 allowed amount (~\$1,392 paid). These payments beyond the OT separate cap threshold, totaling \$156.0 million, represented 20.9 percent of outpatient OT payments in CY 2006 (Table 1).

The CY 2006 OT utilization represents an increase in therapy users by 3.1 percent, but a decrease in total Medicare payments of 3.1 percent since CY 2004. With regards to the OT separate therapy cap, CY 2006 saw 13.3 percent fewer OT users that surpassed the OT cap threshold amount as compared to CY 2004 despite the overall increase in the number of OT users. See Appendix D for more details comparing CY 2004 and CY 2006.

3.3 PT Services Separate (hypothetical cap)

During CY 2006, nearly 3.9 million beneficiaries received outpatient PT services in all settings accounting for nearly \$3.1 billion in payments. This represents 87.7 percent of all outpatient therapy users and 75.0 percent of all outpatient therapy payments. Of these PT users, 12.0 percent, or 464,285 beneficiaries benefited from the exceptions process and received services beyond the (hypothetical) PT separate cap threshold of \$1,740 allowed amount (~\$1,392 paid). These payments beyond the (hypothetical) PT separate cap threshold, totaling nearly \$470.8 million, represented 15.4 percent of outpatient PT payments in CY 2006 (Table 1).

The CY 2006 PT utilization represents an increase in therapy users by 3.7 percent, but a decrease in total Medicare payments of 5.4 percent since CY 2004. With regards to the PT (hypothetical) separate therapy cap, CY 2006 saw 23.2 percent fewer PT users that surpassed the (hypothetical) PT cap threshold amount as compared to CY 2004 despite the overall increase in the number of PT users. See Appendix D for more details comparing CY 2004 and CY 2006.

3.4 SLP Services Separate (hypothetical cap)

During CY 2006, 445 thousand beneficiaries received outpatient SLP services in all settings accounting for nearly \$271 million in payments. This represents 10.1 percent of all outpatient therapy users and 6.6 percent of all outpatient therapy payments. Of these SLP users, 8.8 percent, or 39,401 beneficiaries benefited from the exceptions process and received services beyond the (hypothetical) SLP separate cap threshold of \$1,740 allowed amount (~\$1,392 paid). These payments beyond the (hypothetical) SLP separate cap threshold, totaling \$38.8 million, represented 14.3 percent of outpatient SLP payments in CY 2006 (Table 1).

The CY 2006 SLP utilization represents an increase in therapy users by 2.8 percent, but a decrease in total Medicare payments of 1.5 percent since CY 2004. With regards to the SLP (hypothetical) separate therapy cap, CY 2006 saw 18.4 percent fewer SLP users that surpassed the (hypothetical) SLP cap threshold amount as compared to CY 2004 despite the overall increase in the number of SLP users. See Appendix D for more details comparing CY 2004 and CY 2006.

3.5 Impact of Separating PT/SLP Cap

During CY 2006, the total payments beyond the two statutory PT/SLP (combined) and OT (separate) cap thresholds was \$716 million, which represented 17.6 percent of the \$4.1 billion in total outpatient therapy expenditures. However, if the PT/SLP (combined) cap and OT (separate) cap were statutorily separated into three separate \$1,740 allowed amount (~\$1,392 paid) PT, OT, and SLP caps, the estimated total payments beyond the three separate cap thresholds would have been \$666 million. The estimated expenditure difference in separating the PT/SLP therapy cap into separate caps would be an increase of \$51 million, which represents only 1.2% of the total outpatient therapy expenditures in CY 2006 (Table 1).

4.0 Results by Beneficiary Demographics

4.1 Beneficiary Age

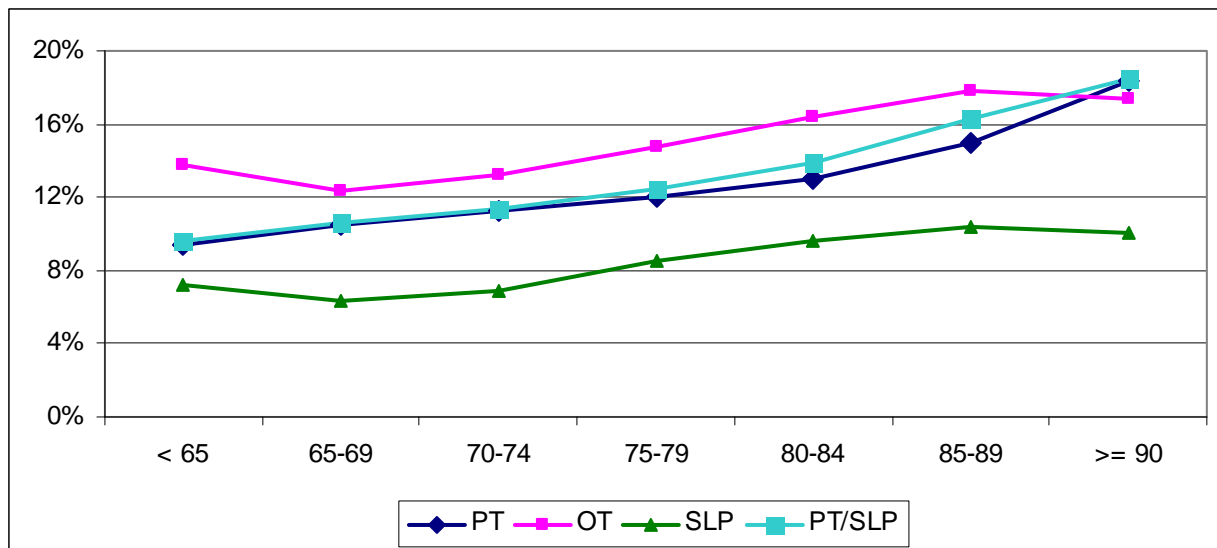
During CY 2006, the beneficiary's age appeared to be an important variable in the likelihood that the individual benefited from the exceptions process and received services beyond the therapy cap threshold. The age effect pattern was generally consistent across all therapy types as the percentage of beneficiaries within each age group surpassing the cap threshold increased between age 65 and 89. OT users were the most likely therapy type to surpass the cap threshold in all but the oldest age group, while the SLP users' likelihood was the lowest across all age groups.

Detailed tables of the therapy cap analysis by beneficiary age are available in the attached EXCEL files A through D.

4.1.1 Combined PT/SLP Services

The beneficiary age group 75-79 had the greatest number of individuals subject to the PT/SLP combined cap to benefit from the exceptions process and receive services beyond the therapy cap threshold during CY 2006. These 93 thousand beneficiaries represent 17.9 percent of all PT/SLP users over the cap threshold. The beneficiary age group aged 90 or above represented the smallest number of PT/SLP users benefiting from the exceptions process with 51 thousand beneficiaries over the PT/SLP cap threshold. The mean annual payments for PT/SLP users surpassing the cap threshold of \$1,740 allowed amount (~\$1,392 paid) in CY 2006 was \$2,473 with a range of \$2,560 for age group <65, to \$2,365 for age group 65-69.

Figure 1. Percent of therapy users within age group surpassing therapy cap threshold in CY 2006



Although, the age group 75-79 represented the greatest number of PT/SLP users that benefited from the exceptions process in CY 2006 (Figure 1), the relative percentage of beneficiaries benefiting from the exceptions process increased by age. For PT/SLP services, while 12.6

percent of all PT/SLP users surpassed the PT/SLP cap threshold, only 9.6 percent of PT/SLP users under age 65 surpassed the cap threshold while 18.5 percent of the oldest age group, those aged 90 and above, surpassed the PT/SLP cap threshold.

4.1.2 OT Services Separate

The beneficiary age group 85-89 had the greatest number of individuals subject to the OT separate cap to benefit from the exceptions process and receive services beyond the therapy cap threshold during CY 2006. These 26 thousand beneficiaries represent 18.8 percent of all OT users over the cap threshold. The beneficiary age group 65-69 represented the smallest number of OT users benefiting from the exceptions process with 13 thousand beneficiaries over the OT cap threshold. The mean annual payments for OT users surpassing the \$1,740 allowed amount (~\$1,392 paid) cap threshold in CY 2006 was \$2,506 with a range of \$2,689 for age group <65, to \$2,371 for age group 90 and older.

The age group 85-89 represented the greatest number of OT users that benefited from the exceptions process in CY 2006 (Figure 1), and the relative percentage of beneficiaries benefiting from the exceptions process generally increased by age. For OT services, while 15.3 percent of all OT users surpassed the OT cap threshold, only 12.4 percent of PT/SLP users under age 65-69 surpassed the cap threshold while 17.8 percent of the age group 85-89 surpassed the OT cap threshold.

4.1.3 PT Services Separate (hypothetical cap)

The beneficiary age group 75-79 had the greatest number of individuals subject to the PT separate (hypothetical) cap to benefit from the exceptions process and receive services beyond the therapy cap threshold during CY 2006. These 85 thousand beneficiaries represent 18.4 percent of all PT users over the cap threshold. The beneficiary age group aged 90 or above represented the smallest number of PT users benefiting from the exceptions process with 39 thousand beneficiaries over the PT (hypothetical) \$1,740 allowed amount (~\$1,392 paid) cap threshold. The mean annual payments for PT users surpassing the cap threshold in CY 2006 was \$2,406 with a range of \$2,491 for age group <65, to \$2,327 for age group 65-69.

Although, the age group 75-79 represented the greatest number of PT users that benefited from the exceptions process in CY 2006 (Figure 1), the relative percentage of beneficiaries benefiting from the exceptions process increased by age. For PT services, while 12.0 percent of all PT users surpassed the PT (hypothetical) cap threshold, only 9.4 percent of PT users under age 65 surpassed the cap threshold while 18.3 percent of the oldest age group, those aged 90 and above, surpassed the PT (hypothetical) cap threshold.

4.1.4 SLP Services Separate (hypothetical cap)

The beneficiary age group 85-89 had the greatest number of individuals subject to the SLP separate (hypothetical) cap to benefit from the exceptions process and receive services beyond the therapy cap threshold during CY 2006. These 9 thousand beneficiaries represent 22.0 percent of all SLP users over the cap threshold. The beneficiary age group 65-69 represented the smallest number of SLP users benefiting from the exceptions process with 2 thousand beneficiaries over the SLP (hypothetical) cap threshold. The mean annual payments for SLP users surpassing the \$1,740 allowed amount (~\$1,392 paid) cap threshold in CY 2006 was \$2,377 with a range of \$2,638 for age group <65, to \$2,248 for age group 90 and older.

The age group 85-89 represented the greatest number of SLP users that benefited from the exceptions process in CY 2006 (Figure 1), and the relative percentage of beneficiaries benefiting from the exceptions process generally increased by age. For SLP services, while 8.8 percent of all SLP users surpassed the SLP (hypothetical) cap threshold, only 6.3 percent of SLP users in age group 65-69 surpassed the cap threshold while 10.3 percent of the age group 85-89 surpassed the SLP (hypothetical) cap threshold.

4.2 Results by Beneficiary Gender

During CY 2006, the beneficiary's gender does not appear to be an important variable in the likelihood that the individual benefited from the exceptions process and received services beyond the therapy cap threshold. In general, the percentage of beneficiaries within each gender that received services above the cap thresholds was similar, although slightly higher for females across all therapy types.

Detailed tables of the therapy cap analysis by beneficiary gender are available in the attached EXCEL files A through D.

4.2.1 Combined PT/SLP Services

Females had the greatest number of individuals subject to the PT/SLP combined cap to benefit from the exceptions process and receive services beyond the therapy cap threshold during CY 2006. These 342 thousand beneficiaries represent 65.9 percent of all PT/SLP users over the cap threshold. Males had 177 thousand beneficiaries over the PT/SLP cap threshold. The mean annual payment for PT/SLP users surpassing the \$1,740 allowed amount (~\$1,392 paid) cap threshold in CY 2006 was \$2,473, with the means for females and males being \$2,455 and \$2,507 respectively.

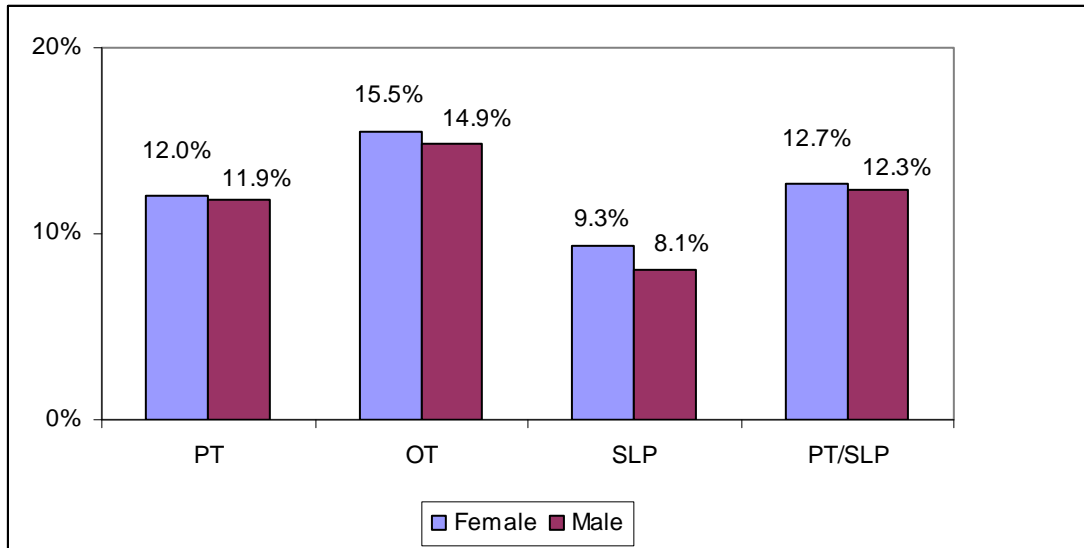
Although, females represented the greatest number of PT/SLP users that benefited from the exceptions process in CY 2006, the relative percentage of beneficiaries benefiting from the exceptions process was similar for both genders. While 12.6 percent of all PT/SLP users surpassed the PT/SLP cap threshold, similar rates of 12.7% for females, and 12.3% for males, was observed (Figure 2).

4.2.2 OT Services Separate

Females had the greatest number of individuals subject to the OT separate cap to benefit from the exceptions process and receive services beyond the therapy cap threshold during CY 2006. These 96 thousand beneficiaries represent 68.6 percent of all OT users over the cap threshold. Males had 44 thousand beneficiaries over the OT cap threshold. The mean annual payment for OT users surpassing the \$1,740 allowed amount (~\$1,392 paid) cap threshold in CY 2006 was \$2,506, with the means for females and males being \$2,485 and \$2,550 respectively.

Although, females represented the greatest number of OT users that benefited from the exceptions process in CY 2006, the relative percentage of beneficiaries benefiting from the exceptions process was similar for both genders. While 15.3 percent of all OT users surpassed the OT cap threshold, similar rates of 15.5% for females, and 14.9% for males, was observed (Figure 2).

Figure 2. Percent of therapy users within gender group surpassing therapy cap threshold in CY 2006



4.2.3 PT Services Separate (hypothetical cap)

Females had the greatest number of individuals subject to the PT separate (hypothetical) \$1,740 allowed amount (~\$1,392 paid) cap to benefit from the exceptions process and receive services beyond the therapy cap threshold during CY 2006. These 305 thousand beneficiaries represent 65.8 percent of all PT users over the cap threshold. Males had 159 thousand beneficiaries over the PT (hypothetical) cap threshold. The mean annual payment for users surpassing the (hypothetical) cap threshold in CY 2006 was \$2,406, with the means for females and males being \$2,391 and \$2,434 respectively.

Although, females represented the greatest number of PT users that benefited from the exceptions process in CY 2006, the relative percentage of beneficiaries benefiting from the exceptions process was similar for both genders. While 12.0 percent of all PT users surpassed the PT (hypothetical) cap threshold, similar rates of 12.0% for females, and 11.9% for males, was observed (Figure 2).

4.2.4 SLP Services Separate (hypothetical cap)

Females had the greatest number of individuals subject to the SLP separate (hypothetical) \$1,740 allowed amount (~\$1,392 paid) cap to benefit from the exceptions process and receive services beyond the therapy cap threshold during CY 2006. These 26 thousand beneficiaries represent 65.8 percent of all SLP users over the cap threshold. Males had 13 thousand beneficiaries over the SLP (hypothetical) cap threshold. The mean annual payment for users surpassing the (hypothetical) cap threshold in CY 2006 was \$2,377, with the means for females and males being \$2,347 and \$2,435 respectively.

Although, females represented the greatest number of SLP users that benefited from the exceptions process in CY 2006, the relative percentage of beneficiaries benefiting from the exceptions process was similar for both genders. While 8.8 percent of all SLP users surpassed the PT (hypothetical) cap threshold, similar rates of 9.3% for females, and 8.1% for males, was observed (Figure 2).

4.3 Results by Beneficiary State

During CY 2006, the beneficiary's state appeared to be an important variable in the likelihood that the individual benefited from the exceptions process and received services beyond the therapy cap threshold. The state effect pattern was not consistent across all therapy types.

Detailed tables of the therapy cap analysis by beneficiary age are available in the attached EXCEL files A through D.

4.3.1 Combined PT/SLP Services

Among the 50 states and the District of Columbia, the state of Florida had the greatest number of individuals subject to the PT/SLP combined cap to benefit from the exceptions process and receive services beyond the therapy cap threshold during CY 2006. These 70 thousand beneficiaries represent 13.6 percent of all PT/SLP users over the cap threshold. North Dakota represented the smallest number of PT/SLP users benefiting from the exceptions process with only 332 beneficiaries over the PT/SLP cap threshold. The mean annual payment for PT/SLP users surpassing the \$1,740 allowed amount (~\$1,392 paid) cap threshold in CY 2006 was \$2,473, with a range of \$2,973 in Mississippi, to \$1,987 in Alaska.

As Florida represented the state with the greatest number of PT/SLP users that benefited from the exceptions process in CY 2006, it also represented the state with the highest percentage of PT/SLP users surpassing the PT/SLP cap threshold at 19.9 percent (Table 2). The next four states with the highest percentage of PT/SLP users surpassing the PT/SLP cap threshold were: New York (18.9%), New Jersey (18.9%), Delaware (16.7%) and California (15.7%).

Table 2. States with highest and lowest percentile PT/SLP users over cap threshold in CY 2006

State	Number of PT/SLP Users	Number of PT/SLP Users Over Cap	Percent of PT/SLP Users Within State Over Cap	Percent of all PT/SLP Users That Surpassed Cap	Mean Paid for PT/SLP Users Surpassing Cap	Total Paid Above PT/SLP Cap Threshold
Total	4,116,399	518,443	12.6%		\$2,473	\$560,286,535
FL	354,022	70,375	19.9%	13.6%	\$2,530	\$80,064,934
NY	294,937	55,619	18.9%	10.7%	\$2,530	\$63,277,736
NJ	139,771	26,235	18.8%	5.1%	\$2,391	\$26,203,780
DE	16,432	2,741	16.7%	0.5%	\$2,264	\$2,391,002
CA	356,854	55,900	15.7%	10.8%	\$2,668	\$71,317,779
SD	13,357	750	5.6%	0.1%	\$2,417	\$768,690
OR	38,214	1,815	4.7%	0.4%	\$2,074	\$1,237,140
IA	49,758	2,184	4.4%	0.4%	\$2,001	\$1,329,226
MN	65,540	2,790	4.3%	0.5%	\$2,172	\$2,175,112
ND	11,488	332	2.9%	0.1%	\$2,008	\$204,383

As North Dakota represented the state with the smallest number of PT/SLP users that benefited from the exceptions process in CY 2006, it also represented the state with the lowest percentage of PT/SLP users surpassing the PT/SLP cap threshold at 2.9% percent. The next four states with

the lowest percentage of PT/SLP users surpassing the PT/SLP cap threshold were: Minnesota (4.3%), Iowa (4.4%), Oregon (4.7%) and South Dakota (5.6%).

4.3.2 OT Services Separate

Among the 50 states and the District of Columbia, the state of Florida had the greatest number of individuals subject to the OT separate cap to benefit from the exceptions process and receive services beyond the therapy cap threshold during CY 2006. These 32 thousand beneficiaries represent 22.8 percent of all OT users over the cap threshold. Alaska represented the smallest number of OT users benefiting from the exceptions process with only 25 beneficiaries over the OT cap threshold. The mean annual payment for OT users surpassing the \$1,740 allowed amount (~\$1,392 paid) cap threshold in CY 2006 was \$2,506, with a range of \$3,396 in Hawaii, to \$2,101 in Iowa.

As Florida represented the state with the greatest number of OT users that benefited from the exceptions process in CY 2006, it also represented the state with the highest percentage of OT users surpassing the OT cap threshold at 33.5 percent (Table 3). The next four states with the highest percentage of OT users surpassing the OT cap threshold were: Mississippi (22.7%), Louisiana (21.7%), Texas (18.9%) and Kentucky (17.6%).

Although Alaska represented the state with the smallest number of OT users that benefited from the exceptions process in CY 2006, it was not the state with the lowest percentage of OT users surpassing the OT cap threshold. The five states with the lowest percentage of OT users surpassing the OT cap threshold were: North Dakota (2.2%), Alaska (2.7%), Iowa (3.3%), Oregon (4.2%), and Minnesota (5.3%).

Table 3. States with highest and lowest percentile OT users over cap threshold in CY 2006

State	Number of OT Users	Number of OT Users Over Cap	Percent of OT Users Within State Over Cap	Percent of all OT Users That Surpassed Cap	Mean Paid for OT Users Surpassing Cap	Total Paid Above OT Cap Threshold
Total	915,867	140,106	15.3%		\$2,506	\$156,015,036
FL	95,349	31,901	33.5%	22.8%	\$2,667	\$40,680,155
MS	9,819	2,229	22.7%	1.6%	\$2,912	\$3,388,414
LA	14,583	3,163	21.7%	2.3%	\$2,530	\$3,598,039
TX	54,746	10,356	18.9%	7.4%	\$2,521	\$11,692,856
KY	15,108	2,657	17.6%	1.9%	\$2,576	\$3,145,941
MN	17,852	948	5.3%	0.7%	\$2,164	\$732,292
OR	5,748	239	4.2%	0.2%	\$2,258	\$206,881
IA	13,812	462	3.3%	0.3%	\$2,101	\$327,664
AK	917	25	2.7%	0.0%	\$2,253	\$21,529
ND	3,423	76	2.2%	0.1%	\$2,274	\$67,015

4.3.3 PT Services Separate (hypothetical cap)

Among the 50 states and the District of Columbia, the state of Florida had the greatest number of individuals subject to the (hypothetical) PT separate cap to benefit from the exceptions process

and receive services beyond the therapy cap threshold during CY 2006. These 66 thousand beneficiaries represent 14.1 percent of all PT users over the (hypothetical) cap threshold. North Dakota represented the smallest number of PT users benefiting from the exceptions process with only 278 beneficiaries over the PT (hypothetical) cap threshold. The mean annual payment for PT users surpassing the \$1,740 allowed amount (~\$1,392 paid) cap threshold in CY 2006 was \$2,406, with a range of \$2,672 in Mississippi, to \$1,968 in Iowa and North Dakota.

As Florida represented the state with the greatest number of PT users that benefited from the exceptions process in CY 2006, it also represented the state with the highest percentage of PT users surpassing the PT (hypothetical) cap threshold at 19.5 percent (Table 4). The next four states with the highest percentage of PT users surpassing the PT (hypothetical) cap threshold were: New York (19.4%), New Jersey (18.6%), Delaware (16.9%) and California (15.4%).

As North Dakota represented the state with the smallest number of PT users that benefited from the exceptions process in CY 2006, it also represented the state with the lowest percentage of PT users surpassing the PT (hypothetical) cap threshold at 2.6 percent. The next four states with the lowest percentage of PT users surpassing the PT (hypothetical) cap threshold were: Minnesota (3.8%), Iowa (4.1%), Oregon (4.5%) and South Dakota (5.4%).

Table 4. States with highest and lowest percentile PT users over cap threshold in CY 2006

State	Number of PT Users	Number of PT Users Over Cap	Percent of PT Users Within State Over Cap	Percent of all PT Users That Surpassed Cap	Mean Paid for PT Users Surpassing Cap	Total Paid Above PT Cap Threshold
Total	3,874,700	464,285	12.0%		\$2,406	\$470,752,490
FL	336,465	65,631	19.5%	14.1%	\$2,480	\$71,415,060
NY	280,994	54,541	19.4%	11.7%	\$2,530	\$62,067,658
NJ	132,949	24,742	18.6%	5.3%	\$2,381	\$24,473,549
DE	15,588	2,635	16.9%	0.6%	\$2,250	\$2,260,356
CA	343,388	52,977	15.4%	11.4%	\$2,640	\$66,122,183
SD	12,643	685	5.4%	0.1%	\$2,269	\$600,608
OR	36,458	1,647	4.5%	0.4%	\$2,018	\$1,031,714
IA	46,257	1,874	4.1%	0.4%	\$1,968	\$1,080,230
MN	62,301	2,368	3.8%	0.5%	\$2,072	\$1,609,837
ND	10,798	278	2.6%	0.1%	\$1,968	\$160,156

4.3.4 SLP Services Separate (hypothetical cap)

Among the 50 states and the District of Columbia, the state of Florida had the greatest number of individuals subject to the (hypothetical) SLP separate cap to benefit from the exceptions process and receive services beyond the therapy cap threshold during CY 2006. These 4 thousand beneficiaries represent 9.7 percent of all SLP users over the (hypothetical) cap threshold. Alaska represented the smallest number of SLP users benefiting from the exceptions process with only 3 beneficiaries over the SLP (hypothetical) cap threshold. The mean annual payment for SLP users surpassing the \$1,740 allowed amount (~\$1,392 paid) cap threshold in CY 2006 was \$2,377, with a range of \$2,843 in Mississippi, to \$1,547 in Alaska.

Although Florida represented the state with the greatest number of SLP users that benefited from the exceptions process in CY 2006, it was not ranked among the top five states with the highest percentage of SLP users surpassing the SLP (hypothetical) cap threshold (Table 5). The top five states with the highest percentage of SLP users surpassing the SLP (hypothetical) cap threshold were: Mississippi (22.4%), Louisiana (16.6%), West Virginia (16.2%) the District of Columbia (15.1%), and Texas (13.2%).

As Alaska represented the state with the smallest number of SLP users that benefited from the exceptions process in CY 2006, it also represented the state with the lowest percentage of SLP users surpassing the SLP (hypothetical) cap threshold at 0.8% percent. The next four states with the lowest percentage of SLP users surpassing the SLP (hypothetical) cap threshold were: Iowa (1.9%), New York (2.6%), North Dakota (2.8%) and Vermont (2.9%).

Table 5. States with highest and lowest percentile SLP users over cap threshold in CY 2006

State	Number of SLP Users	Number of SLP Users Over Cap	Percent of SLP Users Within State Over Cap	Percent of all SLP Users That Surpassed Cap	Mean Paid for SLP Users Surpassing Cap	Total Paid Above SLP Cap Threshold
Total	445,389	39,401	8.8%		\$2,377	\$38,810,773
MS	5,813	1,303	22.4%	3.3%	\$2,843	\$1,890,080
LA	7,374	1,227	16.6%	3.1%	\$2,533	\$1,400,436
WV	4,114	668	16.2%	1.7%	\$2,444	\$702,522
DC	1,068	161	15.1%	0.4%	\$2,377	\$158,608
TX	28,197	3,722	13.2%	9.4%	\$2,517	\$4,188,478
VT	1,079	31	2.9%	0.1%	\$2,035	\$19,948
ND	1,125	31	2.8%	0.1%	\$1,917	\$16,282
NY	21,435	568	2.6%	1.4%	\$2,332	\$534,011
IA	6,111	118	1.9%	0.3%	\$2,075	\$80,576
AK	377	3	0.8%	0.0%	\$1,547	\$464

5.0 Results by Beneficiary Diagnosis

During CY 2006, the beneficiary's principal claim diagnosis appeared to be an important variable in the likelihood that the individual benefited from the exceptions process and received services beyond the therapy cap threshold. The diagnosis effect pattern was not consistent across all therapy types.

Detailed tables of the therapy cap analysis by beneficiary age are available in the attached EXCEL files E through H.

5.1 Combined PT/SLP Services

Among the 6,894 principal claim ICD-9 codes that defined a PT/SLP beneficiary diagnosis in our analysis, 4,107 ICD-9 codes had at least one beneficiary benefit from the exceptions process and receive services beyond the therapy \$1,740 allowed amount (~\$1,392 paid) cap threshold during CY 2006. However, a limited number of ICD-9 codes describe the majority of diagnoses of beneficiaries surpassing the PT/SLP combined cap threshold (Table 6).

Table 6. Ten most commonly reported ICD-9 codes for therapy users surpassing the PT/SLP cap threshold in CY 2006

First Diagnosis ICD-9 Code	Number of PT/SLP Users	Number of PT/SLP Users Over Cap	Percent of PT/SLP Users Within Diagnosis Over Cap	Mean Paid for PT/SLP Users Surpassing Cap	Total Paid Above PT/SLP Cap Threshold	ICD-9 as a Percent of PT/SLP Users Over Cap	Cumulative Percent of PT/SLP Users Over Cap
Total	4,116,399	518,437	12.6%	\$2,473	\$560,295,603		
781.2	170,600	32,929	19.3%	\$2,518	\$37,063,236	6.4%	6.4%
724.2	307,579	29,115	9.5%	\$2,328	\$27,253,096	5.6%	12.0%
719.7	92,632	21,209	22.9%	\$2,489	\$23,274,120	4.1%	16.1%
719.46	131,068	15,744	12.0%	\$2,306	\$14,384,348	3.0%	19.1%
719.41	139,248	15,640	11.2%	\$2,268	\$13,705,801	3.0%	22.1%
728.87	61,604	13,234	21.5%	\$2,580	\$15,724,374	2.6%	24.7%
715.16	62,185	12,259	19.7%	\$2,324	\$11,423,059	2.4%	27.0%
787.2	115,850	11,893	10.3%	\$2,557	\$13,852,491	2.3%	29.3%
723.1	120,418	10,423	8.7%	\$2,311	\$9,580,092	2.0%	31.3%
724.4	52,332	9,747	18.6%	\$2,476	\$10,567,113	1.9%	33.2%

The ten most commonly reported ICD-9 codes for therapy users surpassing the PT/SLP cap threshold in CY 2006 represented 33 percent of these beneficiaries. These ten diagnosis codes were:

- 781.2 – Abnormality of gait
- 724.2 – Lumbago (Low back pain/syndrome)
- 719.7 – Difficulty in walking
- 719.46 – Pain in joint (Lower leg)
- 719.41 – Pain in joint (Shoulder region)
- 728.87 – Muscle weakness (Generalized)

- 715.16 – Osteoarthritis, localized, primary (Lower leg)
- 787.2 – Dysphagia
- 723.1 – Cervicalgia (Pain in neck)
- 724.4 – Thoracic or lumbosacral neuritis or radiculitis

Twenty-three ICD-9 codes describe 50 percent of beneficiaries surpassing the PT/SLP cap threshold, and 79 ICD-9 codes represent 75 percent of beneficiaries surpassing the PT/SLP cap threshold.

However, among the most commonly observed diagnosis codes for PT/SLP users that surpassed the therapy cap threshold amounts, there was variation in the percent of PT/SLP users within each ICD-9 code that surpassed the cap threshold amount in CY 2006. In other words, some beneficiaries with diagnoses, although less commonly observed, are more likely to surpass the cap threshold. Among the 79 ICD-9 codes that represent 75% of the beneficiaries surpassing the PT/SLP cap threshold, the following ten diagnoses represent those with the highest likelihood of surpassing the cap threshold in CY 2006, and the percent of beneficiaries with that diagnosis that surpassed the cap threshold:

- 438.22 - Hemiplegia affecting nondominant side - 31.3%
- 438.21 - Hemiplegia affecting dominant side - 30.9%
- 438.0 - Cognitive deficits - 30.6%
- 250.00 - Diabetes mellitus (Type II, not stated as uncontrolled) - 28.6%
- 401.9 - Essential hypertension (Unspecified) - 27.6%
- 332.0 - Paralysis agitans (Parkinsonism or Parkinson's disease) - 25.9%
- 436 - Acute, but ill-defined, cerebrovascular disease - 25.7%
- 438.9 - Unspecified late effects of cerebrovascular disease - 25.1%
- 715.09 - Osteoarthritis, generalized (Multiple sites) - 25.0%
- 820.8 - Fracture of neck of femur (Unspecified part, closed) - 24.3%

The tables in the attached EXCEL file '*E_Cap_Diagnosis_PTSLP_CY 2006*' provide the details of all 6,894 ICD-9 codes used in CY 2006 for PT/SLP users including; the number of PT/SLP users, the number of PT/SLP users over the cap threshold, the percent of PT/SLP users with the ICD-9 code that surpassed the cap threshold, the mean annual payments for those PT/SLP users that surpassed the cap threshold, the mean annual payments above the cap threshold for those PT/SLP beneficiaries surpassing the PT/SLP cap threshold, the total amounts paid above the PT/SLP cap threshold for all beneficiaries with that ICD-9 code, and the percent that ICD-9 code represented of all PT/SLP users over the cap threshold.

5.2 OT Services

Among the 5,636 principal claim ICD-9 codes that defined an OT beneficiary diagnosis in our analysis, 3,066 ICD-9 codes had at least one beneficiary benefit from the exceptions process and receive services beyond the therapy \$1,740 allowed amount (~\$1,392 paid) cap threshold during CY 2006. However, a limited number of ICD-9 codes describe the majority of diagnoses of beneficiaries surpassing the OT separate cap threshold (Table 7).

Table 7. Ten most commonly reported ICD-9 codes for therapy users surpassing the OT cap threshold in CY 2006

First Diagnosis ICD-9 Code	Number of OT Users	Number of OT Users Over Cap	Percent of OT Users Within Diagnosis Over Cap	Mean Paid for OT Users Surpassing Cap	Total Paid Above OT Cap Threshold	ICD-9 as a Percent of OT Users Over Cap	Cumulative Percent of OT Users Over Cap
Total	915,867	140,106	15.3%	\$2,506	\$156,015,036		
781.2	33,958	7,193	21.2%	\$2,458	\$7,669,105	5.1%	5.1%
728.87	32,028	6,946	21.7%	\$2,473	\$7,511,265	5.0%	10.1%
719.7	28,122	6,412	22.8%	\$2,457	\$6,827,498	4.6%	14.7%
728.2	14,567	3,550	24.4%	\$2,589	\$4,249,492	2.5%	17.2%
436	14,898	3,008	20.2%	\$2,639	\$3,749,652	2.1%	19.3%
787.2	16,695	2,802	16.8%	\$2,406	\$2,841,816	2.0%	21.3%
724.4	4,977	2,658	53.4%	\$2,795	\$3,728,775	1.9%	23.2%
799.3	12,718	2,463	19.4%	\$2,548	\$2,848,435	1.8%	25.0%
332.0	10,866	2,460	22.6%	\$2,539	\$2,822,432	1.8%	26.8%
781.3	10,083	2,378	23.6%	\$2,462	\$2,544,008	1.7%	28.5%

The ten most commonly reported ICD-9 codes for therapy users surpassing the OT cap threshold in CY 2006 represented 29 percent of these beneficiaries. These ten diagnosis codes were:

- 781.2 – Abnormality of gait
- 728.87 – Muscle weakness (Generalized)
- 719.7 – Difficulty in walking
- 728.2 – Muscular wasting and disuse atrophy
- 436 – Acute, but ill-defined, cerebrovascular disease
- 787.2 – Dysphagia
- 724.4 – Thoracic or lumbosacral neuritis or radiculitis
- 799.3 – Debility, unspecified
- 332.0 – Paralysis agitans (Parkinsonism or Parkinson’s disease)
- 781.3 – Lack of coordination

Twenty-eight ICD-9 codes describe 50 percent of beneficiaries surpassing the OT cap threshold, and 102 ICD-9 codes represent 75 percent of beneficiaries surpassing the OT cap threshold.

However, among the most commonly observed diagnosis codes for OT users that surpassed the therapy cap threshold amounts, there was variation in the percent of OT users within each ICD-9 code that surpassed the cap threshold amount in CY 2006. In other words, some beneficiaries with diagnoses, although less commonly observed, are more likely to surpass the cap threshold. Among the 102 ICD-9 codes that represent 75% of the beneficiaries surpassing the OT cap threshold, the following ten diagnoses represent those with the highest likelihood of surpassing the cap threshold in CY 2006, and the percent of beneficiaries with that diagnosis that surpassed the cap threshold:

- 726.60 - Enthesopathy of knee, unspecified (Bursitis) - 69.9%

- 844.9 - Sprains and strains of knee and leg (Unspecified site) - 57.1%
- 727.09 - Synovitis and tenosynovitis (Other) - 55.9%
- 724.4 - Thoracic or lumbosacral neuritis or radiculitis - 53.4%
- 723.4 - Brachial neuritis or radiculitis (Cervical radiculitis) - 49.9%
- 847.2 - Sprains and strains of back (Lumbar) - 47.7%
- 726.11 - Calcifying tendonitis of shoulder - 46.2%
- 847.0 - Sprains and strains of neck - 40.6%
- 726.5 - Enthesopathy of hip region (Bursitis, tendonitis, spur) - 37.5%
- 250.01 - Diabetes mellitus (Type I, not stated as uncontrolled) - 28.3%

The tables in the attached EXCEL file ‘F_Cap_Diagnosis_OT_CY 2006’ provide the details of all 5,636 ICD-9 codes used in CY 2006 for OT users including; the number of OT users, the number of OT users over the cap threshold, the percent of OT users with the ICD-9 code that surpassed the cap threshold, the mean annual payments for those OT users that surpassed the cap threshold, the mean annual payments above the cap threshold for those OT beneficiaries surpassing the OT cap threshold, the total amounts paid above the OT cap threshold for all beneficiaries with that ICD-9 code, and the percent that ICD-9 code represented of all OT users over the cap threshold.

5.3 PT Services (hypothetical cap)

Among the 6,693 principal claim ICD-9 codes that defined a PT beneficiary diagnosis in our analysis, 3,866 ICD-9 codes had at least one beneficiary benefit from the exceptions process and receive services beyond the (hypothetical) PT separate \$1,740 allowed amount (~\$1,392 paid) cap threshold during CY 2006. However, a limited number of ICD-9 codes describe the majority of diagnoses of beneficiaries surpassing the PT (hypothetical) separate cap threshold (Table 8).

Table 8. Ten most commonly reported ICD-9 codes for therapy users surpassing the PT (hypothetical) cap threshold in CY 2006

First Diagnosis ICD-9 Code	Number of PT Users	Number of PT Users Over Cap	Percent of PT Users Within Diagnosis Over Cap	Mean Paid for PT Users Surpassing Cap	Total Paid Above PT Cap Threshold	ICD-9 as a Percent of PT Users Over Cap	Cumulative Percent of PT Users Over Cap
Total	3,874,700	464,279	12.0%	\$2,406	\$470,760,335		
781.2	169,800	30,725	18.1%	\$2,460	\$32,808,155	6.6%	6.6%
724.2	307,480	28,961	9.4%	\$2,323	\$26,976,882	6.2%	12.9%
719.7	92,098	18,809	20.4%	\$2,387	\$18,717,212	4.1%	16.9%
719.46	131,041	15,668	12.0%	\$2,301	\$14,242,212	3.4%	20.3%
719.41	139,140	15,558	11.2%	\$2,262	\$13,538,727	3.4%	23.6%
715.16	62,176	12,220	19.7%	\$2,318	\$11,319,630	2.6%	26.3%
728.87	60,079	11,237	18.7%	\$2,453	\$11,919,535	2.4%	28.7%
723.1	120,360	10,386	8.6%	\$2,308	\$9,516,900	2.2%	30.9%
724.4	52,324	9,739	18.6%	\$2,475	\$10,545,487	2.1%	33.0%
726.10	55,621	9,227	16.6%	\$2,337	\$8,721,268	2.0%	35.0%

The ten most commonly reported ICD-9 codes for therapy users surpassing the PT (hypothetical) cap threshold in CY 2006 represented 35 percent of these beneficiaries. These ten diagnosis codes were:

- 781.2 – Abnormality of gait
- 724.2 – Lumbago (Low back pain/syndrome)
- 719.7 – Difficulty in walking
- 719.46 – Pain in joint (Lower leg)
- 719.41 – Pain in joint (Shoulder region)
- 715.16 – Osteoarthritis, localized, primary (Lower leg)
- 728.87 – Muscle weakness (Generalized)
- 723.1 – Cervicalgia (Pain in neck)
- 724.4 – Thoracic or lumbosacral neuritis or radiculitis
- 726.10 – Disorders of bursae and tendons in shoulder region, unspecified

Twenty-two ICD-9 codes describe 50 percent of beneficiaries surpassing the PT (hypothetical) cap threshold, and 76 ICD-9 codes represent 75 percent of beneficiaries surpassing the PT (hypothetical) cap threshold.

However, among the most commonly observed diagnosis codes for PT users that surpassed the (hypothetical) PT cap threshold amounts, there was variation in the percent of PT users within each ICD-9 code that surpassed the cap threshold amount in CY 2006. In other words, some beneficiaries with diagnoses, although less commonly observed, are more likely to surpass the cap threshold. Among the 76 ICD-9 codes that represent 75% of the beneficiaries surpassing the PT (hypothetical) cap threshold, the following ten diagnoses represent those with the highest likelihood of surpassing the cap threshold in CY 2006, and the percent of beneficiaries with that diagnosis that surpassed the cap threshold:

- 438.22 - Hemiplegia affecting nondominant side - 26.8%
- 438.0 - Cognitive deficits - 26.7%
- 438.21 - Hemiplegia affecting dominant side - 26.0%
- 250.00 - Diabetes mellitus (Type II, not stated as uncontrolled) - 25.1%
- 715.09 - Osteoarthritis, generalized (Multiple sites) - 24.2%
- 401.9 - Essential hypertension (Unspecified) - 24.2%
- V43.65 - Post knee replacement - 23.9%
- 332.0 - Paralysis agitans (Parkinsonism or Parkinson's disease) - 23.4%
- 715.00 - Osteoarthritis, generalized, site unspecified - 23.0%
- 436 - Acute, but ill-defined, cerebrovascular disease - 22.6%

The tables in the attached EXCEL file ‘G_Cap_Diagnosis_PT_CY 2006’ provide the details of all 6,693 ICD-9 codes used in CY 2006 for PT users including; the number of PT users, the number of PT users over the (hypothetical) PT cap threshold, the percent of PT users with the ICD-9 code that surpassed the (hypothetical) PT cap threshold, the mean annual payments for those PT users that surpassed the (hypothetical) PT cap threshold, the mean annual payments above the cap threshold for those PT beneficiaries surpassing the (hypothetical) PT cap

threshold, the total amounts paid above the (hypothetical) PT cap threshold for all beneficiaries with that ICD-9 code, and the percent that ICD-9 code represented of all PT users over the (hypothetical) PT cap threshold.

5.4 SLP Services (hypothetical cap)

Among the 4,318 principal claim ICD-9 codes that defined a SLP beneficiary diagnosis in our analysis, 1,700 ICD-9 codes had at least one beneficiary benefit from the exceptions process and receive services beyond the (hypothetical) SLP separate \$1,740 allowed amount (~\$1,392 paid) cap threshold during CY 2006. However, a limited number of ICD-9 codes describe the majority of diagnoses of beneficiaries surpassing the SLP (hypothetical) separate cap threshold (Table 9).

Table 9. Ten most commonly reported ICD-9 codes for therapy users surpassing the SLP (hypothetical) cap threshold in CY 2006

First Diagnosis ICD-9 Code	Number of SLP Users	Number of SLP Users Over Cap	Percent of SLP Users Within Diagnosis Over Cap	Mean Paid for SLP Users Surpassing Cap	Total Paid Above SLP Cap Threshold	ICD-9 as a Percent of SLP Users Over Cap	Cumulative Percent of SLP Users Over Cap
Total	445,389	39,401	8.8%	\$2,377	\$38,810,773		
787.2	114,306	6,997	6.1%	\$2,302	\$6,370,279	17.8%	17.8%
436	10,376	1,504	14.5%	\$2,629	\$1,860,177	3.8%	21.6%
719.7	10,139	1,323	13.0%	\$2,396	\$1,328,689	3.4%	24.9%
728.87	8,575	1,307	15.2%	\$2,392	\$1,306,464	3.3%	28.3%
781.2	11,635	1,295	11.1%	\$2,371	\$1,267,701	3.3%	31.5%
331.0	10,958	1,270	11.6%	\$2,204	\$1,031,304	3.2%	34.8%
332.0	7,748	1,012	13.1%	\$2,396	\$1,015,593	2.6%	37.3%
290.0	5,465	707	12.9%	\$2,223	\$587,616	1.8%	39.1%
728.2	4,166	690	16.6%	\$2,489	\$756,633	1.8%	40.9%
486	5,224	672	12.9%	\$2,354	\$646,229	1.7%	42.6%

The ten most commonly reported ICD-9 codes for therapy users surpassing the SLP (hypothetical) cap threshold in CY 2006 represented 43 percent of these beneficiaries. These ten diagnosis codes were:

- 787.2 – Dysphagia
- 436 – Acute, but ill-defined, cerebrovascular disease
- 719.7 – Difficulty in walking
- 728.87 – Muscle weakness (Generalized)
- 781.2 – Abnormality of gait
- 331.0 – Alzheimer’s disease
- 332.0 – Paralysis agitans (Parkinsonism or Parkinson’s disease)
- 290.0 – Senile dementia, uncomplicated
- 728.2 – Muscular wasting and disuse atrophy
- 486 – Pneumonia, organism unspecified

Fifteen ICD-9 codes describe 50 percent of beneficiaries surpassing the SLP (hypothetical) cap threshold, and 51 ICD-9 codes represent 75 percent of beneficiaries surpassing the SLP (hypothetical) cap threshold.

However, among the most commonly observed diagnosis codes for SLP users that surpassed the (hypothetical) SLP cap threshold amounts, there was variation in the percent of SLP users within each ICD-9 code that surpassed the cap threshold amount in CY 2006. In other words, some beneficiaries with diagnoses, although less commonly observed, are more likely to surpass the cap threshold. Among the 51 ICD-9 codes that represent 75% of the beneficiaries surpassing the SLP (hypothetical) cap threshold, the following ten diagnoses represent those with the highest likelihood of surpassing the cap threshold in CY 2006, and the percent of beneficiaries with that diagnosis that surpassed the cap threshold:

- 438.21 - Hemiplegia affecting dominant side - 19.4%
- 250.00 - Diabetes mellitus (Type II, not stated as uncontrolled) - 17.3%
- 438.0 - Cognitive deficits - 17.0%
- 728.2 - Dysphagia - 16.6%
- 784.69 - Other symptoms involving head and neck (Choking sensation) - 16.5%
- 250.01 - Diabetes mellitus (Type I, not stated as uncontrolled) - 16.5%
- 438.22 - Hemiplegia affecting nondominant side - 16.4%
- 784.6 - Other symbolic dysfunction - 15.7%
- 728.87 - Muscle weakness (Generalized) - 15.2%
- 401.9 - Essential hypertension (Unspecified) - 15.1%

The tables in the attached EXCEL file '*H_Cap_Diagnosis_SLP_CY 2006*' provide the details of all 4,318 ICD-9 codes used in CY 2006 for SLP users including; the number of SLP users, the number of SLP users over the (hypothetical) SLP cap threshold, the percent of SLP users with the ICD-9 code that surpassed the (hypothetical) SLP cap threshold, the mean annual payments for those SLP users that surpassed the (hypothetical) SLP cap threshold, the mean annual payments above the cap threshold for those SLP beneficiaries surpassing the (hypothetical) SLP cap threshold, the total amounts paid above the (hypothetical) SLP cap threshold for all beneficiaries with that ICD-9 code, and the percent that ICD-9 code represented of all SLP users over the (hypothetical) SLP cap threshold.

6.0 Results by Setting

During CY 2006, the setting the beneficiary accessed to receive outpatient therapy services appeared to be an important variable in the likelihood that the individual benefited from the exceptions process and received services beyond the therapy cap threshold. The setting pattern was generally consistent across all therapy types, although by different degrees.

Detailed analytic tables of the annual per-beneficiary payment percentiles by the setting the beneficiary accessed outpatient therapy services in is available in the accompanying EXCEL file labeled 'I_Cap_Setting_Percentiles'.

6.1 Beneficiaries that Accessed the Hospital Setting vs. Those that Did Not

During CY 2006, we estimate that 12.6 percent of all PT/SLP therapy users benefited from the cap exceptions process and surpassed the PT/SLP combined therapy cap threshold. Similarly, 15.3 percent of all OT therapy users benefited from the cap exceptions process and surpassed the OT separate cap threshold. In addition, we estimated that 12.0 percent of PT users and 8.8 percent of SLP users would have surpassed the cap thresholds had there been separate PT and SLP caps instead of the combined cap.

However, as Table 10 demonstrates, because of the complexities of the therapy cap payment policy, which did not debit payments for outpatient therapy furnished in the hospital setting against the beneficiary cap limit, there was a dramatic difference in the rate of therapy users surpassing the cap thresholds in CY 2006 depending upon whether the beneficiary was able to access a hospital (where payment dollars were not counted against the caps), or only received services from a non-hospital setting (where payment dollars were counted against the caps).

Table 10. Estimated Impact of the Hospital Outpatient Exception in CY 2006

	Beneficiaries Accessing Therapy Services	Therapy Users Surpassing Cap Threshold	Percent of Users Surpassing Cap Threshold
PT Total	3,874,700	464,285	12.0%
Hospital not accessed	2,668,108	437,337	16.4%
Hospital accessed	1,206,592	26,948	2.2%
% Not using hospital	68.9%	94.2%	
OT Total	915,867	140,106	15.3%
Hospital not accessed	658,160	136,880	20.8%
Hospital accessed	257,707	3,226	1.3%
% Not using hospital	71.9%	97.7%	
SLP Total	445,389	39,401	8.8%
Hospital not accessed	272,529	34,876	12.8%
Hospital accessed	172,860	4,525	2.6%
% Not using hospital	61.2%	88.5%	
PT/SLP Total	4,116,399	518,443	12.6%
Hospital not accessed	2,782,697	480,082	17.3%
Hospital accessed	1,333,702	38,361	2.9%
% Not using hospital	67.6%	92.6%	

As indicated in Table 10, about two-thirds of all outpatient therapy users did not have access to, or seek outpatient therapy services from a hospital provider in CY 2006. Specifically, 70 percent of PT users, 72 percent of OT users, 61 percent of SLP users, and 68 percent of PT/SLP users never received outpatient therapy services from a hospital during the year.

As a result of the hospital exemption, no beneficiaries that received *all* their outpatient therapy services from a hospital surpassed the cap limits because none of the dollars were counted towards the caps. For those beneficiaries that accessed one of the 4,958 hospital providers nationwide, only 2 percent of PT hospital users, 1 percent of OT hospital users, 3 percent of hospital SLP users, and 3 percent PT/SLP users surpassed the cap payment thresholds and would have benefited from the cap exceptions process. The small percentage of beneficiaries that accessed hospital settings and also surpassed the therapy cap thresholds only did so because they had also received outpatient therapy services in non-hospital settings, and the services furnished in those other settings surpassed the cap thresholds.

However, for the majority of beneficiaries that were non-hospital outpatient therapy users, a significant number benefited from the therapy cap exceptions process. For PT services, 437 thousand non-hospital users, or 16.4 percent surpassed the cap threshold in CY 2006. For OT services, 37 thousand non-hospital users, or 20.8 percent surpassed the cap threshold. For SLP services 8.8 percent or 39 thousand non hospital users surpassed the cap threshold. Finally, when PT/SLP services were combined, 17.3 percent, or 518 thousand surpassed the cap threshold and benefited from the therapy cap exceptions process in CY 2006.

6.2 Beneficiaries that Accessed the Non-Hospital Settings

During CY 2006, the majority of outpatient therapy users received services from non-hospital providers for a number of reasons including; physical proximity of the non-hospital provider (e.g. ease of accessibility), clinical need (e.g. required multi-disciplinary nursing facility therapy not eligible for Part A benefits), provider specialization (e.g. orthopedic PTPP for knee sprain), or other beneficiary preference. As a result of these complexities, there was broad variation in the percentage of therapy users within these non-hospital settings that benefited from the exceptions process and received services beyond the therapy cap threshold limits.

For PT/SLP services in any non-hospital setting, at least 11 percent of therapy users benefited from the exceptions process to the PT/SLP combined cap (Table 11). However, the PT/SLP settings with the most significant benefit from the therapy cap exceptions process were; CORF (37%), SNF (27%), and ORF (18%).

For OT services, Less than 8 percent of therapy users in the physician, HHA, and NPP settings benefited from the therapy cap exceptions process in CY 2006 (Table 11). However, a significant proportion of OT users in other non-hospital settings benefited from the exceptions process. These included; CORF, which had 57 percent of OT users surpass the cap threshold, and ORF and SNF, which had 27 percent and 22 percent of OT users surpass the cap threshold.

Variations in the rates therapy users surpass the cap threshold amounts are also apparent if separate PT and SLP caps are considered (Table 11). For PT services, the settings with the greatest proportion of therapy users benefiting form the therapy cap exceptions process were; CORF (37%), SNF (24%), and ORF (18%). For SLP services, the settings with the greatest proportion of therapy users benefiting form the therapy cap exceptions process were; CORF

(17%), SNF (15%), and ORF (13%). Less than 2 percent of SLP users in physician and NPP settings required the cap exceptions process in CY 2006.

Table 11. Estimated Impact of the Therapy Cap Exceptions Process by Setting in CY 2006

	Percent of Users over \$1,740 PT/SLP Cap	Percent of Users over \$1,740 OT Cap	Percent of Users over \$1,740 PT Cap	Percent of Users over \$1,740 SLP Cap
Total	12.6%	15.3%	12.0%	8.8%
Accessed Hospital	3%	1%	2%	3%
Did not Access Hospital	17%	21%	16%	13%
Accessed SNF	27%	22%	24%	15%
Accessed CORF	37%	57%	37%	17%
Accessed ORF	18%	27%	18%	13%
Accessed HHA	11%	6%	10%	9%
Accessed PTPP	15%	N/A	15%	N/A
Accessed OTTP	N/A	13%	N/A	N/A
Accessed Physician	11%	8%	12%	2%
Accessed NPP	11%	4%	11%	1%

NOTE: This percent over \$1,740 allowed cap threshold rate in the table above is based upon annual per beneficiary expenditures in all settings (excluding hospital payments) as described in the cap policy.

7.0 Summary and Conclusions

This report was developed as part of ongoing CMS activities directed at developing a more refined understanding of beneficiary use of outpatient therapy services under Medicare. The purpose of this report is to provide an updated analysis specifically targeting the impact of the Medicare outpatient therapy annual per-beneficiary financial limitations (therapy caps) as they were implemented during calendar year (CY) 2006. The results describe the cap impact on aggregate therapy expenditures, and expenditures by: type of therapy, therapy provider setting, diagnosis, and various beneficiary demographics. In addition, this report indicates utilization pattern changes between CY 2006 and earlier years (described more thoroughly in the February 1, 2008 “CY 2006 Outpatient Therapy Services Utilization Report”) that highlight the impact of the reimplementation of the outpatient therapy caps in CY 2006.

Such analysis provides results that inform CMS regarding two important and timely policy questions:

1. Did the addition of the exceptions process to the therapy cap policy serve the intended purpose of controlling costs while assuring that the beneficiaries that needed therapy services received them?
2. Should the exceptions process be eliminated, what are the characteristics of beneficiaries and providers that would most likely be impacted?

Recently, the Medicare, Medicaid, and SCHIP Extension Act of 2007 extended the exceptions process through June 30, 2008. Without further Congressional action, the exceptions process will expire and CMS will be required to fully implement the therapy caps without exceptions, regardless of clinical condition, severity, or medical necessity.

Controlling costs and assuring access to needed services

The cap-specific analysis findings in this report are consistent with the earlier ‘CY 2006 Outpatient Therapy Utilization Report’ submitted under this contract on February 1, 2008. Please refer to ‘Section 4.0 Summary and Conclusions’ Beneficiary Access and Provider Payments headings for details.

In general, the cap-specific analysis in this report clearly demonstrates that:

- **The outpatient therapy caps, as implemented in CY 2006 with the exceptions process, had little or no impact on beneficiary access to outpatient therapy services** as the number of beneficiaries receiving therapy services increased 3.5% and the demographic characteristics of beneficiaries receiving therapy services were similar to prior years with no therapy caps, and
- **The outpatient therapy caps, as implemented in CY 2006 with the exceptions process, did result in reduced overall expenditures by 4.7%, but the reductions were not as dramatic as was observed during CY 1999**, the only year the caps were implemented without exceptions. In addition, during CY 2006, the payment reductions appear to be concentrated on reduced payments for the extreme cost outliers and did not disproportionately impact any specific beneficiary demographic or diagnosis characteristic.

Impact of eliminating the exceptions process

The reimplementation of the outpatient therapy caps in CY 2006 appeared to have little impact on beneficiary access to needed services, and served to reduce overall expenditures. **However, the cap-specific analysis findings in this report suggest that the elimination of the cap exceptions process on July 1, 2008 would have significant impact on beneficiaries with clearly identified demographic and diagnosis characteristics. Elimination of exceptions would also disproportionately impact those beneficiaries in certain provider settings,** particularly beneficiaries who do not have easy access to hospital therapy settings.

The most notable findings of this report, if the exceptions process was eliminated include:

- Over 518 thousand beneficiaries receiving PT/SLP services and over 140 thousand beneficiaries receiving OT services would be negatively impacted. Beneficiaries needing services whose costs exceed the cap would have to choose to; try to find one of the fewer than 5,000 available hospitals to receive necessary therapy services beyond the cap limits, or pay out-of-pocket, or discontinue therapy services before attaining treatment goals/desired outcomes.
- There would be a disproportionate negative impact on older Medicare beneficiaries for all three therapy disciplines as older therapy users are more likely to surpass the cap threshold limits. This is likely influenced by factors such as age-related clinical complexities as well as the availability of social support networks.
- There would be a disproportionate negative impact on beneficiaries living in certain states. This is likely influenced by factors such as geographic procedure pricing variations, geographic beneficiary health status patterns, clinical practice patterns, and the availability of nearby hospitals where additional services could be accessed beyond the cap limits.
- There would be a disproportionate negative impact on beneficiaries with certain medical conditions. Although claim ICD-9 diagnosis codes do not provide a complete picture of the beneficiary's overall health status and need for outpatient therapy services, the diagnoses that correlated with extensive therapy services overall as observed in this report are consistent with empirical observations, clinical practice, and evidence-based-literature. For example, beneficiaries receiving PT services that have had a stroke, have cognitive deficits, have diabetes, have degeneration of multiple joints, have had a joint replacement, or have Parkinson's Disease, are more likely to need therapy services beyond the cap limits than other PT patients. In addition, this disproportionate negative impact would be even greater for beneficiaries that require both PT and SLP services due to the combined PT/SLP cap.
- There would be a disproportionate negative impact on beneficiaries that access outpatient therapy services from non-hospital settings. Two-thirds of outpatient therapy users do not access outpatient hospital therapy services and therefore would not be eligible to use the hospital exception unless they changed the treating provider mid-episode and were able to locate a hospital they could get to and which could accept them. In addition, SNF beneficiaries residing in a certified bed would have no covered hospital outpatient therapy access due to consolidated billing requirements. Specific settings, such as CORF, SNF and ORF are more likely to treat beneficiaries that have clinical

characteristics that result in surpassing the cap thresholds, and are therefore these beneficiaries and settings are more likely to be negatively impacted by the elimination of the exceptions process.

- Provider overall payments would reduce by 17.6%, or over \$716 million.

Policy Options

The findings from this cap-specific analysis are consistent with, and further validate the conclusions and policy options discussed in the earlier February 1, 2008 ‘CY 2006 Outpatient Therapy Utilization Report’. The analysis of CY 2006 outpatient therapy service claims indicates that:

- **The outpatient therapy caps, as implemented in CY 2006 with the exceptions process decreased overall spending and had little or no impact on beneficiary access to outpatient therapy services, in contrast to the negative effects observed in CY 1999,**
- **The outpatient therapy caps, as implemented in CY 2006 with the exceptions process resulted in reduced overall expenditures by 4.7%, and the reductions were not as dramatic as was observed during CY 1999 when clinicians reported widespread truncation of therapy services prior to attainment of goals**
- **The cap-specific analysis findings in this report suggest that the elimination of the cap exceptions process on July 1, 2008 would have dramatic and significant impact on beneficiaries with clearly identified demographic and diagnosis characteristics, and would also disproportionately impact those provider settings where such beneficiaries receive services, similar to that observed in CY 1999.**

While CMS is awaiting the results of the *Development of Outpatient Therapy Alternative Payment 5-year study* in 2012, which is being conducted to develop an outpatient therapy patient assessment instrument that could become the foundation for an alternative condition-based payment system for outpatient therapy services¹³, there is an apparent need of a short term payment policy intervention strategy that would continue to serve the Congressional direction to control growth in expenditures while assuring access to necessary services.

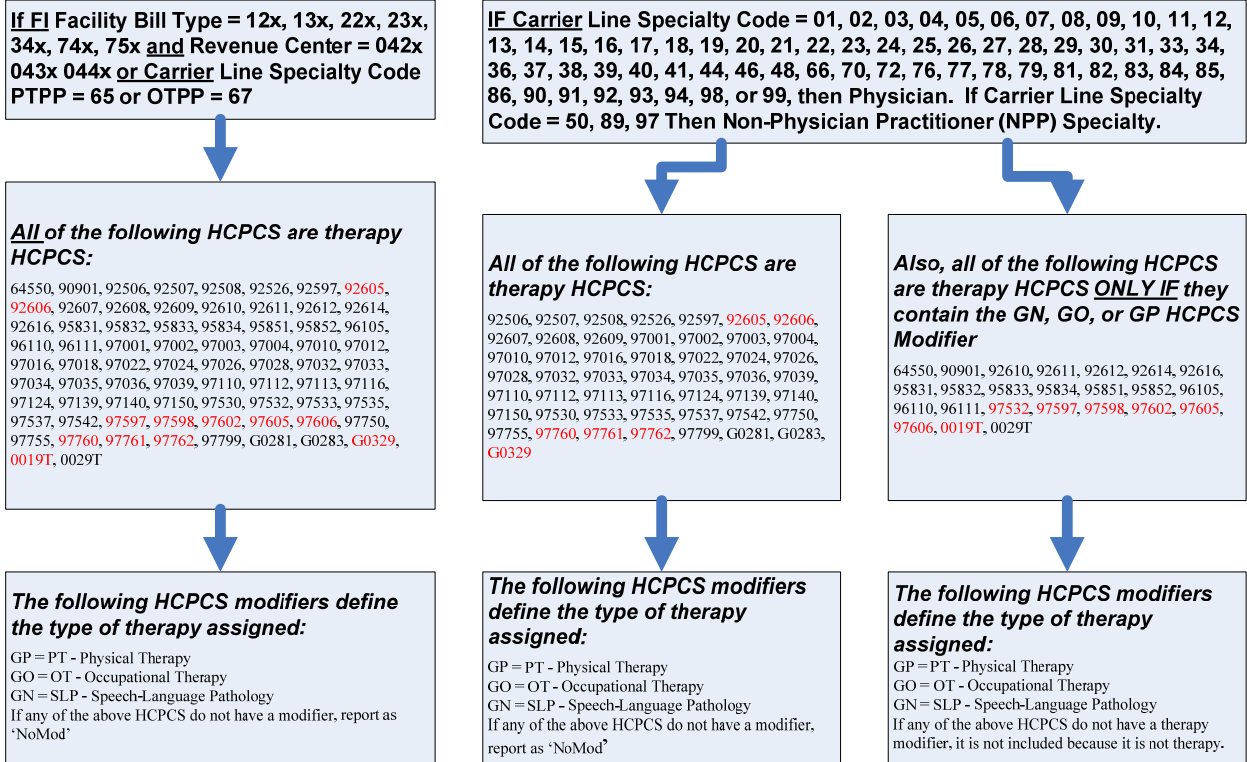
This would suggest, as we stated in the earlier CY 2006 utilization report, that the best plausible, realistic, and measurable short term solution to continue to control expenditures while assuring beneficiary access to outpatient therapy services would be to extend and refine the outpatient therapy cap exceptions process and other administrative controls (e.g. clinically realistic edits and clinical guidelines) based upon analysis and provider feedback for at least the five years that the patient assessment and outcomes study is being conducted.”

¹³ CMS Project Officer – David Bott

Appendix A: Acronyms

Acronym	Definition
AMA	American Medical Association
CMS	Centers for Medicare and Medicaid Services
CORF	Comprehensive Outpatient Rehabilitation Facility
CPT	Current Procedural Terminology
CSC	Computer Sciences Corporation
CWF	Common Working File
CY	Calendar Year
HCPCS	Healthcare Common Procedure Coding System
HHA	Home Health Agency
ICD-9	International Classification of Disease, 9th Edition
MPFS	Medicare Physician Fee Schedule
NPP	Non-Physician Practitioner
ORF	Outpatient Rehabilitation Facility
OT	Occupational Therapy Services
OTAPS	Outpatient Therapy Alternative Payment Study
OTPP	Occupational Therapist in Private Practice
PT	Physical Therapy Services
PTPP	Physical Therapist in Private Practice
SLP	Speech-Language Pathology Services
SNF	Skilled Nursing Facility
SOW	Statement of Work
WHO	World Health Organization

Appendix B: OTAPS 2 Therapy HCPCS Analysis Logic



Appendix C: Index of Attached EXCEL Data Files

A_ Cap_Demographics_PTSLP_CY 2006

CY 2006 Therapy Cap Demographics Analysis by Age – PT/SLP Cap
CY 2006 Therapy Cap Demographics Analysis by Gender – PT/SLP Cap
CY 2006 Therapy Cap Demographics Analysis by State – PT/SLP Cap

B_ Cap_Demographics_OT_CY 2006

CY 2006 Therapy Cap Demographics Analysis by Age – OT Cap
CY 2006 Therapy Cap Demographics Analysis by Gender – OT Cap
CY 2006 Therapy Cap Demographics Analysis by State – OT Cap

C_ Cap_Demographics_PT_CY 2006

CY 2006 Therapy Cap Demographics Analysis by Age – PT Cap
CY 2006 Therapy Cap Demographics Analysis by Gender – PT Cap
CY 2006 Therapy Cap Demographics Analysis by State – PT Cap

D_ Cap_Demographics_SLP_CY 2006

CY 2006 Therapy Cap Demographics Analysis by Age – SLP Cap
CY 2006 Therapy Cap Demographics Analysis by Gender – SLP Cap
CY 2006 Therapy Cap Demographics Analysis by State – SLP Cap

E_ Cap_Diagnosis_PTSLP_CY 2006

CY 2006 Therapy Cap Diagnosis Analysis – PT/SLP Cap – Rank by Number of Users over Cap
CY 2006 Therapy Cap Diagnosis Analysis – PT/SLP Cap – Rank by Mean Paid over Cap
CY 2006 Therapy Cap Diagnosis Analysis – PT/SLP Cap – Diagnosis by Numerical Order

F_ Cap_Diagnosis_OT_CY 2006

CY 2006 Therapy Cap Diagnosis Analysis – OT Cap – Rank by Number of Users over Cap
CY 2006 Therapy Cap Diagnosis Analysis – OT Cap – Rank by Mean Paid over Cap
CY 2006 Therapy Cap Diagnosis Analysis – OT Cap – Diagnosis by Numerical Order

G_ Cap_Diagnosis_PT_CY 2006

CY 2006 Therapy Cap Diagnosis Analysis – PT (Hypothetical) Cap – Rank by Number of Users over Cap
CY 2006 Therapy Cap Diagnosis Analysis – PT (Hypothetical) Cap – Rank by Mean Paid over Cap
CY 2006 Therapy Cap Diagnosis Analysis – PT (Hypothetical) Cap – Diagnosis by Numerical Order

H_ Cap_Diagnosis_SLP_CY 2006

CY 2006 Therapy Cap Diagnosis Analysis – SLP (Hypothetical) Cap – Rank by Number of Users over Cap
CY 2006 Therapy Cap Diagnosis Analysis – SLP (Hypothetical) Cap – Rank by Mean Paid over Cap
CY 2006 Therapy Cap Diagnosis Analysis – SLP (Hypothetical) Cap – Diagnosis by Numerical Order

I_ Cap_Setting_Percentiles_CY 2006

CY 2006 Therapy Setting Analysis – Beneficiaries That Accessed Hospital Setting
CY 2006 Therapy Setting Analysis – Beneficiaries That Did Not Access Hospital Setting
CY 2006 Therapy Setting Analysis – Beneficiaries That Accessed SNF Setting
CY 2006 Therapy Setting Analysis – Beneficiaries That Accessed CORF Setting

CY 2006 Therapy Setting Analysis – Beneficiaries That Accessed ORF Setting
CY 2006 Therapy Setting Analysis – Beneficiaries That Accessed HHA Setting
CY 2006 Therapy Setting Analysis – Beneficiaries That Accessed PTPP Setting
CY 2006 Therapy Setting Analysis – Beneficiaries That Accessed OTPP Setting
CY 2006 Therapy Setting Analysis – Beneficiaries That Accessed Physician Setting
CY 2006 Therapy Setting Analysis – Beneficiaries That Accessed NPP Setting

Appendix D: Estimated Impact of Outpatient Therapy Caps – CY 2004 vs. CY 2006

Therapy Type	Number of Therapy Users	Percent of Total Therapy Users	Total Payments	Percent of Total Payments	Number of Therapy Users Over Cap	Percent of Therapy Users Over Cap	Dollar Impact Eliminating Cap Exceptions	Impact of Eliminating Cap Exceptions on Payments
PT								
2004	3,737,095	87.5%	\$3,227,399,662	75.5%	604,921	16.2%	\$790,274,844	24.5%
2006	3,874,700	87.7%	\$3,053,523,075	75.0%	464,285	12.0%	\$470,752,490	15.4%
Change	3.7%		-5.4%		-23.2%		-40.4%	
OT								
2004	888,725	20.8%	\$770,862,236	18.0%	161,587	18.2%	\$213,170,418	27.7%
2006	915,867	20.7%	\$747,207,924	18.3%	140,106	15.3%	\$156,015,036	20.9%
Change	3.1%		-3.1%		-13.3%		-26.8%	
SLP								
2004	433,048	10.1%	\$274,637,577	6.4%	48,305	11.2%	\$54,609,545	19.9%
2006	445,389	10.1%	\$270,585,218	6.6%	39,401	8.8%	\$38,810,773	14.3%
Change	2.8%		-1.5%		-18.4%		-28.9%	
PT/SLP								
2004	3,977,268	93.1%	\$3,502,037,239	82.0%	657,995	16.5%	\$900,907,014	25.7%
2006	4,116,399	93.1%	\$3,324,108,293	81.6%	518,443	12.6%	\$560,286,535	16.9%
Change	3.5%		-5.1%		-21.2%		-37.8%	
Total 2 Caps								
2004	4,271,637		\$4,272,899,475				\$1,114,077,432	26.1%
2006	4,419,907		\$4,072,563,388				\$716,301,571	17.6%
Change	3.5%		-4.7%				-35.7%	

Note: During CY 2004 there were no PT/SLP combined, or OT separate caps enforced. These are estimates if they had been applied. During CY 2006 the PT/SLP combined, and OT separate caps were enforced, but with medical necessity exceptions. The ‘eliminating cap exceptions’ columns estimate the impact in each year had there been caps with no exceptions.